

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 DEAE-00 CIAE-00 INR-10 IO-13

JUSE-00 NSAE-00 CTME-00 SNM-05 TRSE-00 ICA-11

NSC-05 OES-09 OMB-01 /067 W

-----057759 270016Z /75

R 251033Z JUL 78

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 5692

INFO AMEMBASSY MANILA

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MANILA FOR USAID CONTRACTING OFFICER

E.O. 11652: N/A

TAGS: SNAR, BM

SUBJECT: INC-FUNDED CONTRACTS: BURMA

REF: (A) STATE 184011; (B) MANILA 12353

1. SOHLIN, CONWAY AND EMBASSY REPRESENTATIVES MET JULY 25 WITH COL. TUN AUNG, CHIEF TECHNICAL OFFICER, BURMA AIR FORCE (BAF), AND MAJOR MYA THAN, BAF LOGISTICS CHIEF, TO DISCUSS PRESENT STATUS OF THE INC-FUNDED CONTRACTS FOR BURMA AND TO ARRANGE FOR CLOSER COORDINATION IN FUTURE. COL. GUNG AUNG AND MAJOR MYA THAN, ALONG WITH RUDY HALL, ARE THE DESIGNATED CONTRACT OFFICER REPRESENTATIVES FOR BURMA.

2. SOHLIN FULLY BRIEFED THE BURMESE ON THE PRESENT STATUS OF THE CONTRACTS, THEN INQUIRED ABOUT THE BAF PROCUREMENT POLICY AND ACCOUNTING CONTROLS. COL. TUN AUNG REPLIED THAT THE BAF WANTED TO MAINTAIN A COMPLETE INVENTORY OF SPARES FOR NCAP-PROVIDED AIRCRAFT AT LEVEL OF FOUR MONTHS SUPPLY AT THE OPERATIONAL UNITS AND TWELVE MONTHS AT THE DEPOT. HE SAID THAT THE BAF WAS KEEPING TRACK OF THE EXPENDITURES,
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BUT THAT SOME OF THE PARTS, PARTICULARLY FOR THE F-227 AIRCRAFT, COST MORE THAN ANTICIPATED AND THAT "E" SYSTEMS HAD NOT BEEN FURNISHING MONTHLY REPORTS AS REQUIRED BY THE CONTRACT.

3. EVEN SO, COL. TUN AUNG SAID HE HAD THOUGHT THEY WERE WITHIN THE CONTRACT LIMITS, BUT NOW COULD SEE THAT HE HAD MISUNDERSTOOD THE SITUATION. HE SAID THAT HE HAD BEEN

OPERATING ON THE ASSUMPTION THAT THE CONTRACT FUNDS WERE SOLELY FOR THE PROCUREMENT OF SPARE PARTS AND SERVICES FOR THE AIRCRAFT, ANT THAT THE OTHER ITEMS WOULD BE FUNDED SEPARATELY, I.E., 205 OVERHAUL, F-27 IRAN, ONTRAC III, ETC. SINCE HE NOW UNDERSTOOD THAT THIS WAS NOT THE CASE, I.E., THAT ALL ITEMS ORDERED MUST BE WITHIN EXISTING CONTRACT LIMITS, HE READILY AGREED TO LIMIT ORDERS FOR THE BALANCE OF THIS FISCAL YEAR TO GROUNDED AIRCRAFT (AOG) AND URR (URGENT REQUIREMENTS) AND TO DEFER ALL OTHER ITEMS UNTIL THE BEGINNING OF THE NEXT FISCAL YEAR. THE BURMESE WERE INFORMED THAT THE BALANCE OF THE ONTRAC III PROCUREMENT WAS SUBJECT TO FURTHER REVIEW IN WASHINGTON. (COMPLETE JUSTIFICATION WILL BE SUBMITTED SEPTTEL.)

4. THE BURMESE WERE THEN INFORMED THAT SUPPORT FUNCTIONS FOR INC PROGRAMS WERE BEING TRANSFERRED TO THE STATE DEPARTMENT AND THAT BEGINNING OCTOBER 1 THE DEPARTMENT WOULD HANDLE CONTRACTING AND THE EMBASSY WOULD HANDLE THE ACCOUNTING FUNCTION. IN ORDER TO MAKE POSSIBLE CLOSER EMBASSY MONITORING OF THE ORDERS AND TO GUARD AGAINST EXCESSIVE ORDERING, THE BURMESE WERE ASKED TO FURNISH THE EMBASSY WITH COPIES OF ALL FUTURE ORDERS AT THE TIME MADE. COL. TUN AUNG SAID THAT HE THOUGHT THIS WAS THE PRESENT PROCEDURE SINCE IT WAS BAF PRACTICE TO GIVE TWO COPIES OF ALL ORDERS TO THE SECRETARY OF THE GUB NARCOTICS CONTROL BOARD (POLICE DG U SHWE THAN) - - ONE FOR THE TRANSMITTAL TO THE EMBASSY. WHEN HE WAS TOLD THE EMBASSY HAD NOT BEEN RECEIVING ITS COPIES, HE LIMITED OFFICIAL USE

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PROMISED TO LOOK INTO THE SITUATION. IN ANY EVENT, HE SAID, HE WELCOMED THE EMBASSY'S ASSISTANCE IN MONITORING THE ORDERS AND WOULD SEE TO IT THAT THE EMBASSY GOT COPIES OF ALL ORDERS IN THE FUTURE.

5. COMMENT: IT APPEARED TO THOSE PRESENT THAT COL. TUN AUNG WAS ACTING IN GOOD FAITH, THAT HE NOW UNDERSTOOD THE SITUATION CLEARLY AND WAS PREPARED TO GIVE HIS FULL COOPERATION. WE BELIEVE THAT IF THE EMBASSY RECEIVED COPIES OF THE ORDERS, MONTHLY REPORTS FROM THE CONTRACTORS, PLUS THEIR TIMELY NOTIFICATION WHEN 75 PERCENT OF THE FUNDS ARE EXPANDED, THERE SHOULD BE SUFFICIENT CONTROL TO PREVENT A RECURRENCE OF THE PRESENT PROBLEM.
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Message Attributes

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Control Number: n/a
Copy: SINGLE
Draft Date: 25 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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